

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
AUGUST 8, 1996

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, August 8, 1996. Members present were Messrs. Mark Hasten, Chairman; W. Paul Wolf, Vice Chairman; Norman Lowery, Tony Zaleski, Gary M. Smith, Ronald E. Depasse and Mrs. Dee Godme. Also present from the Department were Charles W. Phillips, Director; J. Philip Goddard, Chief Counsel, Deputy Director, Non-Depository Institutions and Secretary; Randall L. Rowe, Bank Supervisor; Kirk J. Schreiber, Senior Bank Analyst; Gina R. Williams, Senior Bank Analyst; Mark K. Powell, Supervisor, Credit Unions; Donna Kaye, Assistant to Division Supervisor, Consumer Credit Division; Chuck T. Stumpf, Deputy Director, Administrative Division; and Ronda Bailey, Administrative Secretary. Representing St. Joseph Capital Bank was John W. Rosenthal, Incorporator.

I. PUBLIC SESSION

A.) Attendance

- B.)** Director Phillips introduced the new Board Members. Mr. Gary M. Smith, Vice President & Secretary of American General Finance Company, Evansville, Indiana. Mr. Smith replaces Mr. Daniel Leitch, III. Mr. Ronald E. DePasse, President & Chairman of Terre Haute Savings Bank, Terre Haute, Indiana. Mr. DePasse replaces Mr. R. Douglas Grant. The new Members were sworn in by J. Philip Goddard, Chief Counsel. The oath and letter from the Governor to the new Members will be made part of the official minute book.

- C.) Date of next meeting: September 19, 1996 at 9:00 a.m., EST.**
Director Phillips requested that the September 12, 1996, Members meeting be rescheduled for September 19, 1996, due to the Examiners Seminar being held on September 11 thru 13 in Fort Wayne, Indiana. **The Members unanimously approved the next Members Meeting to be held September 19, 1996.**

- D.)** A motion was made for approval of the minutes of the meeting held May 9, 1996, by Mr. Lowery and was seconded by Mrs. Godme. The minutes were unanimously approved.

- E.)** Re-Organization of the members as stipulated in IC 28-11-1-8.

1. **Election of Vice-Chairman** - Mrs. Dee Godme made a motion to nominate Mr. Paul Wolf as Vice Chairman, and was seconded by Mr. DePasse. **The motion was unanimously approved.**

2. **Election of Secretary** - Mrs. Dee Godme made a motion to nominate J. Philip Goddard as Secretary, and was seconded by Mr. Lowery. **The motion was unanimously approved.**
3. **Election of Assistant Secretary** - Mr. Lowery made a motion to nominate James M. Cooper as Assistant Secretary, and was seconded by Mr. Wolf. **The motion was unanimously approved.**
4. Any other organizational matters - There were no other organizational matters which needed to be addresses at this time.

DIVISION OF BANK AND TRUST COMPANIES

1.) **St. Joseph Capital Bank, Mishawaka, St. Joseph County, Indiana**

This application was presented by Mr. Kirk J. Schreiber, Senior Bank Analyst. John W. Rosenthal, as incorporator, has applied to the Members of the Department for approval to form a state chartered bank to be known as St. Joseph Capital Bank, Mishawaka, St. Joseph County, Indiana ("the Bank") pursuant to IC 28-11-5.

Mr. Schreiber reported the following information to the Members:

The Bank is being organized by a group of individuals all of whom will constitute the initial board of directors of the Bank upon its organization. The Bank intends to offer a full range of commercial and banking services primarily within a fifteen (15) mile radius of Mishawaka.

This area encompasses, a substantial portion of the Indiana communities of Mishawaka, South Bend, Notre Dame, Granger, Osceola, and Elkhart, and the Michigan communities of Niles and Edwardsburg. This region is often referred to as Michiana.

The Bank's proposed bank holding company will be St. Joseph Capital Corporation, Mishawaka, St. Joseph County, Indiana . The holding company applied to the Federal Reserve Bank of Chicago on June 21, 1996. It is anticipated the Federal Reserve Bank will approve the holding company application after approvals by the DFI and FDIC. The holding company is offering one million shares of common stock at \$10 per share pursuant to a registered public offering dated June 21, 1996. The holding company intends to use the proceeds of the offering to provide the Bank's initial capital of \$9 million.

The Bank's business strategy will be to emphasize the Bank's local management and its commitment to the Bank's market area. The Bank intends to concentrate on the financial services needs of individuals and local businesses. The goal is to create a "customer driven" organization focused on providing high value to clients by promptly delivering products and services matched directly to their needs.

The Bank intends to conduct its operations from its main office located at 3820 Edison Lakes Parkway. This is a prime location in the Mishawaka area. The bank expects to begin operations in the leased building during the second quarter of 1997. Until that time, the Bank will be located in a temporary facility on vacant land adjacent to the proposed main office. There are no plans for branches or ATM's. The Bank intends to gather deposits from its business customers by using an independent third party courier service to pick up deposits directly from the client.

Mr. Schreiber summarized the five application approval factors pursuant to I.C. 28-11-5-4.

Factor #1

The financial standing and character of the incorporators, organizers and directors is considered acceptable. A review of these individuals financial statements and biographical backgrounds was conducted as a part of the application investigation and no unfavorable responses were noted. **A motion to approve Factor #1 was made by Mr. Lowery and seconded by Mr. Wolf. Factor #1 was unanimously approved.**

Factor #2

The Bank intends to start operations with a staff of approximately fifteen (15) full time employees. John W. Rosenthal will be Chairman of the Board, President and CEO. Mr. Rosenthal has eleven (11) years of experience in correspondent banking and working with Indiana banks. Patrick Novitzki will be Senior Vice President -Lending. Mr. Novitzki has over twenty (20) years of lending experience in the Michiana area. Edward Pooley will serve as Senior Vice President and Cashier. Mr. Pooley has ten (10) years of banking experience. Additional officers and employees will be hired who are primarily from the Michiana area and have substantial banking experience as the Bank's operations become imminent. The officers and directors are all recognized and established in the communities. As a group they have significant banking and business experience and many close personal ties to the Michiana area. The character, qualifications and experience of the officers and directors of the proposed bank is considered acceptable. **A motion to approve Factor #2 was made by Mr. Wolf and seconded by Mr. Lowery. Factor #2 was unanimously approved.**

Factor #3

The organizers perceive a need in the Michiana area for a locally owned bank based on economic growth, stable population, and the current quality and availability of banking services within the community. The application points out the Bank will provide an alternative to existing banking services. It appears the convenience and needs of the community will be served by the proposed bank. **A motion to approve Factor #3 was made by Mr. Zaleski and seconded by Mr. Smith. Factor #3 was unanimously approved.**

Factor #4

The future earnings prospects appear reasonable based on the detailed forecast analysis of the balance sheet, the proposed marketing plan of the bank, and the strength the holding company

will provide. **A motion to approve Factor #4 was made by Mr. Smith and seconded by Mrs. Godme. Factor #4 was unanimously approved.**

Factor #5

The proposed capital of the Bank is considered adequate. The FDIC Statement of Policy, Applications for deposit insurance, states that the basic benchmark for evaluating the adequacy of the capital structure of a new depository institution is that it should have an initial capitalization sufficient to provide a ratio of Tier 1 capital to total estimated assets of at least 8% at the end of the third year of operation. The Bank is projected to have a tier 1 capital ratio of approximately 8.34% at the end of the third year. This ratio exceeds the minimum required by the FDIC. **A motion to approve Factor #5 was made by Mr. Wolf and seconded by Mr. Zaleski. Factor #5 was unanimously approved.**

2. S.Y. Bancorp, Inc., Louisville, Jefferson County, Kentucky

This application was presented by Ms. Gina R. Williams, Senior Bank Analyst. S.Y. Bancorp, Inc., ("S.Y. Bancorp") has applied to the Members of the Department, pursuant to IC 28-2-16, for approval to acquire 100% control of Austin State Bank ("Austin"), Austin, Scott County, Indiana. Upon consummation, Austin will conduct business as a wholly-owned subsidiary of S.Y. Bancorp.

The proposed transaction consists of a cash payment of \$10,700.00 per share for each of the 250 issued and outstanding shares of Austin's common stock. The purchase price represents a premium of \$3,824.00 or 1.56x book value. The total consideration to be paid by S.Y. Bancorp is \$2,675,000.

Ms. Williams reported that the pro forma combined financial statements as of March 31, 1996, reflect a tier one leverage capital ratio of 7.97% for S.Y. Bancorp. Pro forma total assets for the same date were \$340 million and total equity capital of \$28 million.

Upon consummation of the transaction, the current board of directors of Austin, with the exception of Susie Smith, will resign. The following individuals are to be appointed to the board of directors: David H. Brooks, Chairman and CEO of S.Y. Bancorp and Stockyards Bank and Trust Company; David Heintzman, President of S.Y. Bancorp and Stock Yards Bank and Trust Company; Phillip Smith, Executive Vice President of Stock Yards Bank and Trust Company; Mark Holloway, Vice President and Trust Officer of Stock Yards Bank and Trust Company; and Mike Motsinger, Vice President and Trust Officer of Stock Yards Bank and Trust Company.

With respect to management, John Morgan will resign as President. David Brooks will assume the position of Chairman and CEO and David Heintzman will assume the position of President. Susie Smith will retain her position of Cashier.

Ms. Williams reported that The Federal Reserve Bank of St. Louis is expected to approve this application during the week of August 12, 1996.

The staff recommends approval as the criteria for acquisition in IC 28-2-16-17 have all been satisfied. **A motion for approval for the application was made by Mr. Lowery and seconded by Mr. Smith. The application was unanimously approved.**

3. Mr. Randall Rowe, Bank Supervisor asked the Members to re-approve the revision of four Legal Interpretations, one Policy Statement and one new interpretation regarding the establishment of ATM's dated April 8, 1996. **After a review of these revisions a motion for approval was made by Mr. Wolf and seconded by Mr. DePasse. The motion was unanimously approved.**

INTERPRETATIONS:

1. Int-002-87 Bank Holding Company Examination
Dated : July 21, 1887

Revision: Cites appropriate statute numbers and defines an "affiliate"
2. Int-003-87 Automated Teller Machines taking Deposits
Dated: December 15, 1987

Revision: Defines a branch per I.C. 28-2-12-7 to include mobile unit and messenger service. Clarifies what is not considered a branch.
3. Int-001-88 Loans in Excess of The Banks Legal Lending Limit
Dated: February 8, 1988

Revision: Cites appropriate statute numbers.
4. Int-001-89 The Charging of Dormant Service Fees
Dated: April 26, 1989

Revision: Cites appropriate statute numbers and adds "savings bank or Trust company" to the interpretation. Clarifies maintenance charges to be applicable "whether time or demand, that are carried by it (the institution) on its books."

NEW INTERPRETATION:

1. Int-002-96 Establishing ATM's Across State Lines
Dated: April 8, 1996

Summary: Legal Interpretation if a state chartered bank can, under Indiana law, establish an automated teller machine (ATM) in another

state and whether banks located in states other than Indiana can locate ATM's in this state.

POLICY:

- | | |
|---------------|--|
| 1. POL-002-95 | Policy Regarding Student Loan Marketing Association
(Sallie Mae) Preferred Stock and Federal Home Loan Marketing
Corporation (Freddie Mac) Preferred Stock |
| Dated: | July 9, 1992 |
| Revision: | Cities appropriate section for the Consolidated Report of Condition. |

DIRECTOR'S COMMENTS AND REQUESTS

- A) **TCB Bank, Tell City, Perry County, Indiana**
On May 31, 1996, the bank notified the Department of the bank's intent to acquire the Chris Zoercher Insurance Agency, Inc. The proposed subsidiary will continue to operate under the name of Chris Zoercher Insurance Agency, Inc., and will be located at 723 Main Street, Tell City, Perry County, Indiana. The proposed subsidiary will divest of its life and health insurance business and will engage exclusively in the sale of property and casualty insurance as well as annuities. **This item was for informational purposes only.**
- B) **First of America Bank-Indiana, Indianapolis, Marion County, Indiana**
The bank notified the Department that they have closed their branch banking office which was known as "Stop 11 Branch" located at 1121 East Stop 11 Road, Indianapolis, Marion County, Indiana. The office was closed on July 31, 1996 at 6:00. **This item was for informational purposes only.**
- C) Director Phillips presented a resolution of appreciation for R. Douglas Grant to the Members for approval. A motion for approval of the resolution was made by Mr. Lowery and seconded by Mrs. Godme. **The resolution was unanimously approved.**
- D) Mr. Phillips, Director, advised the Members of actions taken pursuant to delegated authority and asked for any questions regarding clarifications of the actions, which are as follows:

BANK DIVISION

- 1.) **COMMUNITY STATE BANK, ROYAL CENTER, CASS COUNTY, INDIANA**
The bank has entered into a Purchase and Assumption Agreement with National City Bank,

Indiana, a national banking organization, Indianapolis, Indiana, dated February 13, 1996, whereby the bank will purchase approximately \$2MM in loans and \$8MM in cash and will assume approximately \$11MM in deposits through its acquisition of National City Bank's branch in Twelve Mile. The bank will a deposit premium of approximately 7%, or \$771M, of total deposits.

The bank has applied for approval to establish a full service branch banking office to be located at **8070 State Road 16, Twelve Mile, Cass County, Indiana**. The application was received on March 6, 1996, and will be known as "**Community State Bank, Twelve Mile**

Branch." The proposed branch is a 3,740 square foot building which includes five teller stations and one drive-thru. An appraisal valued the land and building at \$30M and equipment at \$6M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of a DFI examination as of June 30, 1995. The bank's three-year average ROA is 1.13%. As of December 31, 1995, the Tier I leverage capital ratio is 11.09%. The investment in total fixed assets to total capital will increase from 4.91% before the addition of the branch to 5.72% following the branch. This will be the institution's first branch. **The request was approved by the Director under Delegated Authority on May 8, 1996.**

2.) **STAR FINANCIAL BANK, INDIANAPOLIS, INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank has applied to the Director for approval to amend Article 1 of its Articles of Incorporation. Approval of the amendment will allow the bank to change its name to "**STAR Financial Bank, Anderson, Indiana.**" **The request was approved by Action Taken by the Director on May 8, 1996.**

3.) **THE FRANCISCO STATE BANK, FRANCISCO, GIBSON COUNTY, INDIANA**

The bank has applied to the Director for approval to amend Article 1 of its Articles of Association. Approval of the amendment will allow the bank to change its name to "**FSB Bank.**" **The request was approved by Action Taken by the Director on May 14, 1996.**

4.) **FIRST STATE BANK, SOUTHWEST INDIANA, TELL CITY, PERRY COUNTY, INDIANA**

The bank has applied for approval to establish a full service branch banking office to be located at **Hwy 66 East, Rivergate Shopping Center, Tell City, Perry County, Indiana**.

The application was received on March 29, 1996, and will be known as "**First State Bank, Rivergate Banking Center.**" The proposed branch will consist of two locations on the same parcel of land. Part of the branch will be 333.5 square feet located inside the Buehlers Buy-Low Grocery Store and will consist of two teller stations. The space will be subleased from Buehler Foods, Inc., an Indiana Corporation located in Jasper, IN for an annual rental of \$7,800.00 for the first two years, \$9,300.00 for years three through seven, and \$10,800.00

during the original term of the lease. The term of the sublease expires January 29, 2008, however, there is an option to extend the lease for two additional consecutive terms of five years. The cost of the equipment is estimated at \$75M.

The other part of the branch will be located on the out-lot of the Rivergate Shopping Center. The facility will be approximately 1,000 square feet and will consist of two teller stations, a customer service area, two drive-up stations, and a drive-up ATM. The bank will lease the land from William Tell Homes Company, a general partnership located in Louisville, KY. The term of the lease is for fifteen years with three successive extensions of five years each. At the conclusion of the tenth year of the primary term of the lease, and at the conclusion of each extension term, the bank shall have the right to purchase the real estate for the fair market value. The monthly rental is \$1,525.00. The bank's holding company, German American Bancorp (GAB), is going to construct and equip the facility at an estimated cost \$225M and \$75M, respectively. The bank will then lease the facility from GAB at an annual estimated rental of \$36M.

The bank received a satisfactory CAMEL rating as a result of a joint DFI and FDIC examination as of June 30, 1995. As of December 31, 1995, the Tier I leverage capital ratio is 7.44%. GAB has committed to injecting \$631,983 into the bank to bring the bank into compliance with 28-1-11-5, which limits a bank's investment in land and buildings to 50% of sound capital. After the capital injection, the bank will be at approximately 48.80%. The investment in total fixed assets will be approximately 53.23% total capital. This will be the institution's second branch. **The request was approved by the Director under Delegated Authority on May 14, 1996.**

5.) **INDIANA COMMUNITY BANK, SB, LEBANON, BOONE COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The proposed dividend will be \$3.00 per share based on total outstanding shares of 922,039 as of December 31, 1995. As of December 31, 1995, the bank's Tier I capital ratio is 15.40%. On a pro forma basis as of the same date, the Tier I capital ratio declines to 12.94% taking into consideration the one time \$2,766,000 dividend. The bank declared a regular semi-annual dividend of 17 cents a share payable on March 30, 1996, to shareholders of record on March 11, 1996. The bank's average three-year ROA is 0.46%. **The request was approved by Action Taken by the Director on May 15, 1996.**

6.) **FIRST FARMERS BANK & TRUST COMPANY, CONVERSE, MIAMI COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a full service branch banking office. The application was received on April 29, 1996, and the branch will be known as **"Kokomo Branch."** The proposed branch will be located at **410 Flint Way Drive, Kokomo, Howard County, Indiana.** The facility will consist of 3,608 square feet and will include five teller stations, three offices, one conference room and a 1,125 square

foot lobby. The cost of the lot on which the branch is to be built is \$350M and the estimated cost of construction is \$400M. In addition, furniture, fixtures, and equipment costs are estimated at \$195M. No insider relationship exists between the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the Federal Reserve as of March 31, 1995. The bank's three-year average ROA is 1.27%. As of December 31, 1995, the Tier 1 leverage capital ratio is 9.68%. The investment in total fixed assets to total capital will increase from 25.61% before the addition of the proposed branch to 30.13% following the addition of the branch. This will be the institution's ninth branch. **The request was approved by the Director under Delegated Authority on May 21, 1996.**

7.) **STATE BANK OF LIZTON, LIZTON, HENDRICKS COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **Village Christian Parke, Inc., 675 S. Ford Road, Zionsville, Boone County, Indiana**. The application was received on May 3, 1996, and the branch is to be known as **"Village Christian Park Branch."** The proposed facility will be located inside of the main lobby of the Village Christian Parke Retirement Home and will consist of approximately 280 square feet and contain two teller stations. This space was previously used as a branch for National City Bank. The bank will lease the space from The Village Christian Parke, Inc. Lease payments will be based on average daily deposits from the preceding three calendar months and range from \$50.00 to \$225.00 per month. The term of the lease is for two years with an option for two, four-year renewals. The estimated cost for furniture, fixtures, and equipment is \$1,500.00. The branch will initially be open from 9:00 a.m. to 12:00 p.m. Monday and Friday and provide only deposit services and limited number of safe deposit boxes. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the FDIC as of December 31, 1994. The bank's three-year average ROA is 1.29%. As of December 31, 1995, the Tier 1 leverage capital ratio is 9.96%. The investment in total fixed assets to total capital will remain approximately 5.85% due to the insignificant investment in fixed assets. This will be in institution's seventh branch.

The request was approved by the Director under Delegated Authority on May 21, 1996.

8.) **GOODLAND STATE BANK, GOODLAND, NEWTON COUNTY, INDIANA**

The bank has applied for approval to establish a full service branch banking office to be located at **325 South Newton, Goodland, Newton County, Indiana**. The application was received on April 11, 1996, and the branch will be known as the **"327 South Newton Branch."** The proposed site will occupy 825 square feet. The bank will offer only loan services at this location. The bank will be leasing the space from Ronald Siegle for \$400.00 per month. The lease is a six month lease and then renewable month-to-month thereafter.

The estimated cost of leasehold improvements is \$5M. The bank will furnish the facility with excess equipment and furniture from the main office. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of a DFI examination as of September 30, 1995. The bank's three-year average ROA is 0.58%. As of December 31, 1995, the Tier 1 leverage capital ratio is 9.50%. The investment in total fixed assets to total capital will increase from 25.12% before

the bank's proposed branch to 25.35% following the establishment of the proposed branch. This will be the institution's first branch. **The request was approved by the Director under Delegated Authority May 21, 1996.**

9.) **UNION SAVINGS & LOAN ASSOCIATION, CONNERSVILLE, FAYETTE COUNTY, INDIANA**

The institution has applied to the Department for approval to establish a full service branch banking office. The application was received on March 26, 1996, and the branch will be known as **"Union Savings & Loan Association."** The proposed branch will be located at **1986 West Main Street, Greenfield, Hancock County, Indiana.** The facility will consist of a newly constructed building consisting of 6,765 square feet with five teller stations, two drive thru, three offices, and a conference room. The institution will purchase the land from College Corner, Inc. for \$210M. The cost to construct the building is estimated at \$708M and furniture, fixtures, and equipment is estimated at \$330M. No insider relationship exists between the institution and any of the parties involved. The institution received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of December 31, 1994. The institution's three-year average ROA is 0.93%. As of December 31, 1995, the Tier 1 leverage capital ratio is 8.57%. The investment in total fixed assets to total capital will increase from 18.88% before the addition of the proposed branch to 35.74% following the addition of the proposed branch. This will be the institution's second branch. **The request was approved by the Director under Delegated Authority on May 21, 1996.**

10.) **FIRST COMMUNITY BANK & TRUST COMPANY, BARGERSVILLE, JOHNSON COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a full service branch banking office. The application was received on April 3, 1996, and the branch will be known as the **"Banta Branch."** The proposed branch will be located at **597 Banta Street, Franklin, Johnson County, Indiana.** The branch will consist of a two story building containing 3,824 square feet and have three teller stations and two drive thru. The bank will lease the building from the Frank L. Tyree, Jr. Land Trust No. 1 for a monthly rental of \$2M. The lease term will be for two years with an option to extend the term for an additional two years. The bank has the option to purchase the property for \$250M at the end of the initial two year term and throughout the option period. The estimated costs of leasehold improvements is \$150M. Furniture, fixtures, and equipment costs is estimated at \$78M. No insider relationship exists between the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of June 30, 1995. The bank's three-year average ROA is .31%. As of December 31, 1995, the Tier 1 leverage capital ratio is 9.03%. The investment in total fixed assets to total capital will increase from 19.51% before the addition of the proposed branch to 22.82% following the addition of the proposed branch. This will be the institution's sixth branch. **The request was approved by the Director under Delegated Authority on May 21, 1996.**

11.) **PEOPLES TRUST BANK COMPANY, CORYDON, HARRISON COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a full service branch banking office. The branch will be located at **900 Hwy 62 N.W., Corydon, Harrison County, Indiana**. The proposed branch will be known as **"HWY 62 Branch."** The new facility will be a two story, 8,000 square foot building consisting of five teller stations, ten offices, a board room, employee lounge, training room, two conference rooms, and five drive-thru, one with an ATM. The bank purchased the lot for \$400M from Corydon Development Corporation.

The cost to construct the building is estimated at \$1,610M. Furniture and equipment costs are estimated at \$227M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a Satisfactory CAMEL rating as a result of an examination conducted jointly by the DFI and FDIC as of March 31, 1995. As of December 31, 1995, the Tier 1 leverage capital ratio is 9.97%. The bank began its operations in July of 1994. As part of the conditions for approval of a new financial institution, the bank must maintain a Tier 1 capital to total estimated assets of at least 8.0% for the first three years of operations. The bank's ROA as of December 31, 1995, is 0.15%. The investment in total fixed assets to total capital will increase to 55.74% after the completion of the branch. This will be the institution's second branch.

As part of the condition for approval of this branch application, the bank's board of directors approved and adopted the following resolution:

WHEREAS, Peoples Bank & Trust Company (the "Bank") has submitted to the Indiana Department of Financial Institutions (the "DFI") an application to establish a new full service branch in Corydon, Indiana (the "Corydon Branch");

WHEREAS, in connection with its approval of that application, the DFI has asked the Bank's Board of Directors to make certain commitments concerning capital and borrowing levels at the Bank for a certain period of time;

WHEREAS, the Board of Directors of the Bank is willing to make such commitments until the earlier to occur of (a) July 5, 1999, or (b) the date as of which the Bank has an investment in premises and total fixed assets as would be reflected on the Bank's call reports ("Real Estate Investment") which does not exceed 35% of its total capital and has established an average ratio of net income (excluding securities gains and any tax effect thereof) to total average assets over any cumulative period of four consecutive quarters of at least 50 basis points; provided the DFI has notified the Bank that it agrees that the conditions in (b) have been met, if applicable (the "Termination Date"); and

WHEREAS, the Board of Directors of the Bank desires to comply with a request from the DFI to keep the DFI informed as to the Bank's growth, capital adequacy and balance sheet composition;

NOW, THEREFORE, BE IT RESOLVED, that the Bank shall maintain a Tier 1 Leverage Capital ratio of at least 8% of total assets, until the Termination Date;

BE IT FURTHER RESOLVED, that the Bank shall maintain Tier 1 Leverage Capital minus 65% of the Bank's Real Estate Investment in an amount which is no less than 5% of its total assets, until the Termination Date;

BE IT FURTHER RESOLVED, that the policy of the Bank is to limit daily Federal Funds borrowings, as of the date of such borrowings, to an amount equal to 30% of total capital, until the Termination Date;

BE IT FURTHER RESOLVED, that the Board of Directors hereby amends the Bank's Investment Policy to limit Borrowings, as of the date of such Borrowing, for investment purposes to an amount equal to 150% of total capital, until the Termination Date; provided that for this purpose "Borrowing" shall include securities sold under agreements to repurchase, and other borrowed money, as would be reflected on the Bank's call report, but shall exclude Federal Funds borrowings; and

BE IT FURTHER RESOLVED, that the Bank shall submit monthly reports to the DFI, until the Termination Date, which will include balance sheet and income statements.

The request was approved by the Director under Delegated Authority on May 30, 1996.

12.) THE LAPORTE SAVINGS BANK, LAPORTE, LAPORTE COUNTY, INDIANA

The bank has applied to the Department for approval to establish a full service branch banking office. The application was received on May 5, 1996, and the branch will be known as "**The LaPorte Savings Bank, Eastside Office.**" The proposed branch will be located at **301 Boyd Blvd. , LaPorte, LaPorte County, Indiana.** The facility will consist of approximately 3,996 square feet and will include five teller stations, two drive-up tellers, four customer service areas, one lounge, and one conference room. The cost of the lot on which the branch is to be built is \$350M and is to be purchased from LaPorte Partnership, L.P., and Indiana Limited Partnership. No insider relationship exists between any insiders of the bank and any of the parties involved. The estimated cost to construct the facility is \$700M. In addition, furniture, fixtures, and equipment costs are estimated at \$297M. No insider relationship exists between the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of June 30, 1995. The bank's three-year average ROA is 0.76%. As of December 31, 1995, the Tier 1 leverage capital ratio is 8.17%.

The investment in total fixed assets to total capital will increase from 20.20% before the addition of the proposed branch to 30.07% following the addition of the branch. This will be the institution's second branch.

The request was approved by the Director under Delegated Authority on May 30, 1996.

13.) 1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The bank has applied to the Department for approval to establish a branch banking office to be located at **3600 Portage Avenue, South Bend, St. Joseph County, Indiana.** The application was received on May 2, 1996, and the branch is to be known as "**1st Source Bank.**" The proposed facility will consist of approximately 611 square feet located inside of the Meijer store at this location. The branch will contain two standing teller locations, two

sit-down teller/customer service desks and a branch manager's office. The bank will lease the space from Meijer, Inc., a Michigan corporation. No insider relationship exists between any insiders of the bank and any of the parties involved. The lease term is for five years and requires monthly payments of \$5,091.76. The estimated cost for furniture, fixtures, and equipment is \$101,000.00 and leasehold improvements are estimated at \$54,000.00. The bank received a satisfactory CAMEL rating as a result of an examination conducted jointly by the FRB and the DFI as of March 31, 1995. The bank's three-year average ROA is 1.24%. As of December 31, 1995, the Tier 1 leverage capital ratio is 8.37%. The investment in total fixed assets to total capital will increase from 13.86% before the proposed branch to 13.95% after the investment in the branch. This will be the institution's thirty-eighth branch. **This was approved by the Director under Delegated Authority on May 30, 1996.**

14.) 1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The bank has applied to the Department for approval to establish a branch banking office to be located at **5020 Grape Road, Mishawaka, St. Joseph County, Indiana**. The application was received on May 2, 1996, and the branch is to be known as "**1st Source Bank.**" The proposed facility will consist of approximately 765 square feet located inside of the Meijer store at this location. The branch will contain two standing teller locations, two sit-down teller/customer service desks and a branch manager's office. The bank will lease the space from Meijer, Inc., a Michigan corporation. No insider relationship exists between any insiders of the bank and any of the parties involved. The lease term is for five years and requires monthly payments of \$6,375.00. The estimated cost for furniture, fixtures, and equipment is \$81,000.00 and leasehold improvements are estimated at \$54,000.00. The bank received a satisfactory CAMEL rating as a result of an examination conducted jointly by the FRB and the DFI as of March 31, 1995. The bank's three-year average ROA is 1.24%. As of December 31, 1995, the Tier 1 leverage capital ratio is 8.37%. The investment in total fixed assets to total capital will increase from 13.86% before the proposed branch to 13.95% after the investment in the branch. This will be the institution's thirty-ninth branch. **The request was approved by the Director under Delegated Authority on May 30, 1996.**

15.) HARRISON COUNTY BANK, PALMYRA, HARRISON COUNTY, INDIANA

The bank has entered into a Purchase and Assumption Agreement with NBD Bank, N.A., Indianapolis, Indiana, dated February 6, 1996, whereby the bank will purchase approximately \$3M in loans and \$7MM in cash and will assume approximately \$7,365M in deposits through its acquisition of NBD Bank's branch in Hardinsburg. The bank will pay a deposit premium of approximately 2.5%, or \$184M, of total deposits.

The bank has applied for approval to establish a full service branch banking office to be located at **317 East U.S. highway 150, Hardinsburg, Washington County, Indiana**. The application was received on March 18, 1996, and will be known as "**Hardinsburg Branch.**" The proposed branch is a 1,806 square foot building which includes three teller stations and one drive-thru. The cost to the bank for the building and lot is \$100M. The cost to the bank for the furniture, fixtures and equipment is \$20M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory

CAMEL rating as a result of a DFI examination as of December 31, 1994. The bank's three-year average ROA is 1.43%. As of December 31, 1995, the Tier I leverage capital ratio is 14.48%. The investment in total fixed assets to total capital will increase from 17.30% before the addition of the branch to 18.47% following the branch. This will be the institution's fourth branch. **The request was approved by the Director under Delegated Authority on May 30, 1996.**

16.) **THE FRANCISCO STATE BANK, FRANCISCO, GIBSON COUNTY, INDIANA**

The bank has applied for approval to relocate a branch banking office from **215 N. Hart Street, Princeton, Gibson County, Indiana**, to **231 W. Broadway, Princeton, Gibson County, Indiana**. The name of the branch will change from **FSB Financial** to **FSB Bank**. The proposed site is a 3,104 square foot, one story brick frame. It includes a total of six teller stations, four interior and two drive-thru. The current branch location which is being operated as a Loan Production Office has limited space, limited parking facilities and traffic flow, no vault security, and does not have a drive-thru. The bank is leasing the current branch. The bank will lease the proposed property from First Indiana Bank, a Federal Savings Bank, Indianapolis, Indiana for \$18M per year. The terms of the lease call for five years with an option to buy for \$125M. Furniture, fixtures, and equipment costs are estimated at \$83M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of a examination conducted by the DFI as of December 31, 1995. The bank's three-year average ROA is 0.44%. As of December 30, 1995, the bank's Tier 1 leverage capital ratio is 12.39%. The investment in total fixed assets to total capital will increase from 6.33% before the proposed relocation to 11.64% following the proposed relocation.

The branch relocation should be conditioned upon the bank maintaining at least a 7% Tier 1 leverage capital ratio for the next five years. **APPROVAL IS RECOMMENDED BASED ON ACCEPTANCE OF THE ABOVE CONDITION. The request was approved by the Director under Delegated Authority on May 30, 1996.**

17.) **TELL CITY NATIONAL BANK, TELL CITY, PERRY COUNTY, INDIANA**

The bank applied to the Department for approval to convert from a National association to a state chartered bank pursuant to IC 28-3-2-1. The Members of the Department approved the application on May 9, 1996. The name of the state chartered bank was approved as **"Tell City Bank"**. Subsequent to the approval by the Members and prior to filing the Articles of Incorporation, the bank, by board resolution on May 21, 1996, approved and adopted the name of the proposed new bank organized and existing under the laws of the State of Indiana to be **"TCB Bank"**. The bank requests the Director's approval to change the name of the new state chartered bank to **"TCB Bank."** **The request was approved by the Director under Delegated Authority on May 30, 1996.**

18.) **THE AUBURN STATE BANK, AUBURN, DEKALB COUNTY, INDIANA**

The bank has applied to the Department for approval to pay dividends in excess of what is

permitted by IC 28-13-4-3. The bank's dividend request proposes a one time \$1 million dividend ("Special Dividend") to its holding company Ft. Wayne National Corporation, Ft. Wayne, Indiana, and the payment of continuing cash dividends ("Continuing Dividends") to the holding company. The bank has committed to a maximum limitation on the Continuing Dividends of \$500M per quarter for the third and fourth quarters of 1996 and the first and second quarter of 1997. The purpose of the request is to provide partial funding for the cash component of the merger consideration payable by the holding company to Valley Financial Services. The acquisition of Valley Financial Services was announced November 6, 1995 and is expected to close prior to the end of the 2nd quarter of 1996. As of March 31, 1996, the bank's Tier I capital ratio is 8.08%. On a pro forma basis the bank expects the Tier 1 capital ratio to be at its lowest of 7.54% in 1997, taking into consideration the Special Dividend and the Continuing Dividends. The holding company's dividend and maintenance policy requires the affiliates to maintain a leverage capital ratio equal to or in excess of 6%.. The bank's average three-year ROA is 1.56%. **The request was approved by the Director under Delegated Authority on June 11, 1996.**

19.) **1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **123 West Main Street, Niles, Berrien County, Michigan**. The application was received on May 24, 1996, and the branch is to be known as "**1st Source Bank.**" No insider relationship exists between any insiders of the bank and any of the parties involved. The branch will be leased from Elsie Mather. The lease term is for three years with two three-year renewal options and requires monthly payments of \$1,400. The estimated cost for furniture, fixtures, and equipment is \$108,000 and leasehold improvements are estimated at \$300,000. The bank received a satisfactory CAMEL rating as a result of an examination conducted jointly by the FRB and the DFI as of March 31, 1995. The bank's three-year average ROA is 1.24%. As of December 31, 1995, the Tier 1 leverage capital ratio is 8.37%. The investment in total fixed assets to total capital will increase from 13.91% before the proposed branch to 14.76% after the investment in the branch. This will be the institution's fourteenth branch. **The request was approved by the Director under Delegated Authority on June 11, 1996.**

20.) **1ST SOURCE BANK, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **139 South Front Street, Dowagiac, Cass County, Michigan**. The application was received on May 24, 1996, and the branch is to be known as "**1st Source Bank.**" No insider relationship exists between any insiders of the bank and any of the parties involved. The branch will be leased from Doug McKay. The lease term is for five years with two five-year renewal options and requires monthly payments of \$1,800. The estimated cost for furniture, fixtures, and equipment is \$135,800 and leasehold improvements are estimated at \$212,500. The bank received a satisfactory CAMEL rating as a result of an examination conducted jointly by the FRB and the DFI as of March 31, 1995. The bank's three-year average ROA is 1.24%. As of December 31, 1995, the Tier 1 leverage capital ratio is 8.37%. The investment in total fixed assets to total capital will increase from 13.91% before the

proposed branch to 14.76% after the investment in the branch. This will be the institution's forty-first branch. **The request was approved by the Director under Delegated Authority on June 11, 1996.**

21.) **NORTHERN INDIANA TRUST COMPANY, FT. WAYNE, ALLEN COUNTY, INDIANA**

The corporate fiduciary has submitted a request to the Department for approval of the appointment of Maurice O'Daniel to serve as liquidating agent in the dissolution of the corporate fiduciary. Mr. O'Daniel is a board of director of Northern Indiana Trust Company and is owner and President of Maury O'Daniel Olds, Inc., Ft. Wayne, Indiana. The dissolution of Northern Indiana Trust Company was approved by the Members of the Department at the March 14, 1996, meeting. **The request for Maurice O'Daniel to serve as liquidating agent was approved by the Director under Delegated Authority on June 11, 1996.**

22.) **SAND RIDGE BANK, HIGHLAND, LAKE COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **1650 Route 41, Schererville, Lake County, Indiana**. The branch is to be located inside of the Strack & Van Til Supermarket at this location. The application was received on June 3, 1996, and the branch is to be known as **"Sand Ridge 41."** The space will be leased from Strack and Van Til Super Market, Inc. The lease term is for five years with five, five-year renewal options. Monthly payments of \$925.00 are required for the first five years and \$1,125.00 for the first, five-year option period. The rental for each successive five year renewal term is to be negotiated by the parties prior to the option period being exercised. Samuel N. Van Til is a director of the bank and one of the owners of Strack & Van Til Super Market, Inc., the lessor of the branch. After a review of the lease agreement and comparable transactions, the lease is considered to have been negotiated at arms length. The estimated cost for furniture, fixtures, and equipment is \$208,600 and leasehold improvements are estimated at \$107,500. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of December 31, 1995. The bank's three-year average ROA is 1.12%. As of December 31, 1995, the Tier 1 leverage capital ratio is 7.17%. The investment in total fixed assets to total capital will increase from 21.58% before the proposed branch to 22.57% after the investment in the branch. This will be the institution's fourth branch. **The request was approved by the Director under Delegated Authority on June 14, 1996.**

23.) **SALIN BANK AND TRUST COMPANY, INDIANAPOLIS, MARION COUNTY, INDIANA**

The bank has applied to the Department for approval to establish a branch banking office to be located at **2125 North Morton, Franklin, Johnson County, Indiana**. The branch is to be located inside a Wal-Mart Super Center at this location. The application was received on April 15, 1996, and the branch is to be known as **"Salin Bank and Trust Company."** No insider relationship exists between any insiders of the bank and any of the parties involved. The branch will be leased from Wal Mart Stores, Inc.. The lease term is for five years with

two five-year renewal options and requires monthly payments of \$1,939. The estimated cost for furniture, fixtures, and equipment is \$50,000. The bank received a satisfactory CAMEL rating as a result of an examination conducted by the DFI as of March 31, 1995. The bank's three-year average ROA is 1.23%. As of December 31, 1995, the Tier 1 leverage capital ratio is 9.56%. The investment in total fixed assets to total capital will increase from 21.21% before the proposed branch to 21.39% after the investment in the branch. This will be the institution's fifteenth branch. **The request was approved by the Director under Delegated Authority on June 14, 1996.**

24.) DEMOTTE STATE BANK, DEMOTTE, JASPER COUNTY, INDIANA

The bank has entered into a Purchase and Assumption Agreement with NBD Bank, N.A., Indianapolis, Indiana, dated April 3, 1996, whereby the bank will purchase approximately \$6M in loans, \$11M in furniture, fixtures and equipment and \$9MM in cash and will assume approximately \$9,693M in deposits through its acquisition of NBD Bank's branch in Hebron. The bank will pay a deposit premium of approximately 7.01%, or \$734M, of total deposits.

The bank has applied for approval to establish a full service branch banking office to be located at **507 S. Main Street, Hebron, Porter County, Indiana**. The application was received on April 18, 1996, and will be known as **"Hebron Banking Center - DeMotte State Bank."** The proposed branch is a 2,677 square foot building which includes four teller stations and two drive-thru teller stations. The cost to the bank for the building and lot is \$154M. The total cost to the bank for the furniture, fixtures and equipment is \$45M. No insider relationship exists between any insiders of the bank and any of the parties involved.

The bank received a satisfactory CAMEL rating as a result of a Federal Reserve Bank of Chicago examination as of March 31, 1995. The bank's three-year average ROA is 1.29%.

As of December 31, 1995, the Tier I leverage capital ratio is 9.41%. The investment in total fixed assets to total capital will increase from 20.54% before the addition of the branch to 21.89% following the branch. This will be the institution's seventh branch. **The request was approved by the Director under Delegated Authority on June 14, 1996.**

28.) COMMUNITY BANK, NOBLESVILLE, HAMILTON COUNTY, INDIANA

The bank has applied for approval to establish a full service branch banking office to be located at **144 W. Main Street, Westfield, Hamilton County, Indiana**. The application was received on June 10, 1996, and will be known as **"Westfield Branch."** The proposed branch is a 1,225 square foot, one story, wood frame building. It includes a total of four teller stations, three interior and one drive-thru. The bank will purchase the land and building for \$225M. Furniture, fixtures, and equipment costs are estimated at \$137M. No insider relationship exists between any insiders of the bank and any of the parties involved.

The bank received a satisfactory CAMEL rating as a result of a DFI examination as of September 30, 1995. The bank's three-year average ROA is 1.45%. As of March 31, 1996, the Tier 1 leverage capital ratio is 8.43%. The investment in total fixed assets to total capital will increase from 12.21% to 16.22% following the establishment of the proposed branch.

This will be the institution's eighth branch. **The request was approved by the Director under Delegated Authority on June 28, 1996.**

29.) VALLEY AMERICAN BANK & TRUST COMPANY, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

The bank has applied for approval to establish a full service branch banking office to be located at **1200 Nappanee Street, Elkhart, Elkhart County, Indiana**. The branch will be located inside of the Martin's Supermarket at this location. The application was received on May 17, 1996, and the branch will be known as **"Martin's Elkhart West."** The proposed branch is approximately 665 square foot and will include three teller stations and a manager's office. The bank will lease the space from Martin's Supermarkets, Inc., an Indiana corporation, located in South Bend, IN. The lease term is for five years with two five-year renewal options. The annual rental fee is \$24,000.00. Furniture, fixtures, and equipment costs are estimated at \$52M and leasehold improvements are estimated at \$25M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a satisfactory CAMEL rating as a result of a FDIC examination as of June 30, 1995.

The bank's three-year average ROA is 1.13%. As of December 31, 1995, the Tier 1 leverage capital ratio is 8.01%. The investment in total fixed assets to total capital will increase from 19.10% to 19.20% following the establishment of the proposed branch. This will be the institution's twenty-first branch. **The request was approved by the Director under Delegated Authority on June 28, 1996.**

30.) EXETER TRUST COMPANY, PORTSMOUTH, ROCKINGHAM COUNTY, NEW HAMPSHIRE

An application from Exeter Trust Company ("Exeter") was received by the Department on June 25, 1996, for admission as a foreign corporation to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22. Exeter was incorporated as a New Hampshire state chartered nondepository trust company on November 16, 1994. Exeter intends to provide trust and fiduciary services to individuals, businesses, qualified benefit plans, and other organizations. Exeter has appointed Corporation Service Company, 251 East Ohio Street, Indianapolis, Indiana, as resident agent for service of legal process. **The request for Exeter Trust Company to do business in the State of Indiana was approved by the Director under Delegated Authority on June 28, 1996.**

31.) LINCOLNLAND BANK, DALE, SPENCER COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request proposes a one time \$2,900,000 dividend to its holding company National City Bancshares, Inc., Evansville, Indiana, and the payment of continuing cash dividends to the holding company. The bank has committed to maintain a Tier 1 leverage capital ratio at all times of at least 8%. As of March 31, 1996, the bank's Tier I capital ratio is 10.85%. On a pro forma basis after the \$2.9MM dividend the bank expects the Tier 1 capital ratio to be 8.03%. The bank's average three-year ROA

is 1.39%. **The request was approved by the Director under Delegated Authority on June 28, 1996.**

32.) THE FARMERS AND MERCHANTS BANK, FORT BRANCH, GIBSON COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request proposes a one time \$1,000,000 dividend to its holding company National City Bancshares, Inc., Evansville, Indiana, and the payment of continuing cash dividends to the holding company. The bank has committed to maintain a Tier 1 leverage capital ratio at all times of at least 8%. As of March 31, 1996, the bank's Tier I capital ratio is 11.94%. On a pro forma basis after the \$1MM dividend the bank expects the Tier 1 capital ratio to be 10.03%. The bank's average three-year ROA is 1.20%. **The request was approved by the Director under Delegated Authority on June 28, 1996.**

33.) THE BANK OF MITCHELL, MITCHELL, LAWRENCE COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request proposes a one time \$1,200,000 dividend to its holding company National City Bancshares, Inc., Evansville, Indiana, and the payment of continuing cash dividends to the holding company. The bank has committed to maintain a Tier 1 leverage capital ratio at all times of at least 8%. As of March 31, 1996, the bank's Tier I capital ratio is 9.57%. On a pro forma basis after the \$1.2MM dividend the bank expects the Tier 1 capital ratio to be 8.14%. The bank's average three-year ROA is 1.44%. **The request was approved by the Director under Delegated Authority on June 28, 1996.**

34.) PIKE COUNTY BANK, PETERSBURG, PIKE COUNTY, INDIANA

The bank has applied to the Department for approval to pay dividends in excess of what is permitted by IC 28-13-4-3. The bank's dividend request proposes a one time \$1,500,000 dividend to its holding company National City Bancshares, Inc., Evansville, Indiana, and the payment of continuing cash dividends to the holding company. The bank has committed to maintain a Tier 1 leverage capital ratio at all times of at least 8%. As of March 31, 1996, the bank's Tier I capital ratio is 10.39%. On a pro forma basis after the \$1.5MM dividend the bank expects the Tier 1 capital ratio to be 8.08%. The bank's average three-year ROA is 1.53%. **The request was approved by the Director under Delegated Authority on June 28, 1996.**

35.) THE FIFTH THIRD BANK OF CENTRAL INDIANA, INDIANAPOLIS, MARION COUNTY, INDIANA

The bank has applied for approval to issue Subordinated Debt which would qualify as Sound Capital per IC 28-1-1-3(10). The bank, along with five affiliated banks, intends to issue up to an aggregate of \$500,000,000 in Subordinated Notes and \$2,500,000,000 in Senior Notes

through an offering circular dated June 28, 1996. The Subordinated Notes are to be written to qualify as Tier 2 capital and no individual bank will issue more than is permissible to qualify as Tier 2 capital. As of March 31, 1996, the bank could issue up to \$47,218,500 in Subordinated Notes which would qualify as Tier 2 capital. The Department limits the amount of Subordinated Debt which may be designated as Sound Capital to 50% of Common Stock and Surplus. As of March 31, 1996, 50% of the bank's Common Stock and Surplus would be \$24,343,500. The issuing banks intend to use the net proceeds from the offering for general corporate purposes. The bank received a satisfactory CAMEL rating as a result of an FRB examination as of September 30, 1995. The bank's three-year average ROA is 1.01%. As of March 31, 1996, the Tier 1 leverage capital ratio is 9.06%.

APPROVAL OF THE SUBORDINATED DEBT IS RECOMMENDED UPON THE FOLLOWING CONDITIONS:

- 1. The principal amount of capital debt outstanding which shall qualify as sound capital under IC 28-1-1-3(10) shall not exceed an amount equal to 50% of Capital Stock and Surplus.**
- 2. If the distribution of the Subordinated Notes is not completed within twelve (12) months from the date of the Offering Circular, an amended Circular, with the same terms and conditions for the Subordinated Notes, shall be filed with the Department of Financial Institutions. If, during the period in which these securities are being offered, any circumstances of material nature arises which affects or may affect the condition of the bank, then an amended Offering Circular must be filed with the Department of Financial Institutions for approval.**

The request was approved by the Director under Delegated Authority on July 11, 1996.

36.) LAFAYETTE BANK AND TRUST COMPANY, LAFAYETTE, TIPPECANOE COUNTY, INDIANA

The bank has entered into a Purchase and Assumption Agreement with National City Bank, Indiana, Indianapolis, Indiana, dated April 16, 1996, whereby the bank will purchase approximately \$25M in loans, \$16MM in cash and federal funds, \$587M in fixed assets, and will assume approximately \$17MM in deposits through its acquisition of National City Bank, Indiana's branch in Monticello. The bank will pay a deposit premium of approximately 10% of total deposits. The transaction will result in goodwill of approximately \$710M and core deposit intangibles of \$450M.

The bank has applied for approval to establish a full service branch banking office to be located at **116 E. Washington Street, Monticello, White County, Indiana**. The application was received on June 13, 1996, and the branch will be known as **"Lafayette Bank & Trust Company, Monticello East Branch."** The proposed branch is a one story building with approximately 7,785 square feet. The cost to the bank for the land, building, and furniture, fixtures and equipment is \$587M. No insider relationship exists between any

insiders of the bank and any of the parties involved. The bank received a Satisfactory CAMEL rating as a result of a FDIC examination as of December 31, 1995. The bank's three-year average ROA is 0.96%. As of March 31, 1996, the Tier 1 leverage capital ratio is 9.26%. The investment in total fixed assets to total capital will increase from 14.37% to 15.59% following the establishment of the proposed branch. This will be the institution's thirteenth branch. **The request was approved by the Director under Delegated Authority on July 17, 1996.**

37.) PEOPLE'S TRUST COMPANY, BROOKVILLE, FRANKLIN, INDIANA

The bank has applied for approval to establish a full service branch banking office to be located at **2166 Park Road, Connersville, Fayette County, Indiana**. The branch will be located in the Whitewater Trade Center Strip Mall. The application was received on July 1, 1996, and the branch will be known as **"People's Trust Company."** The proposed branch is approximately 1,920 square foot. Activities at the branch will be currently limited to loan production and loan closings. The branch will include a loan officer area, loan closing area, loan processor area and a small employee lounge. The bank will lease the space from Whitewater Associates, a Georgia General Partnership for an annual rental of \$20,400.00. The lease term expires on January 31, 1998, and has one-five year renewal option. Furniture, fixtures, and equipment costs are estimated at \$10M. No insider relationship exists between any insiders of the bank and any of the parties involved. The bank received a Satisfactory CAMEL rating as a result of a DFI examination as of September 30, 1995. The bank's three-year average ROA is 1.21%. As of March 31, 1996, the bank's Tier 1 leverage capital ratio is 7.06%. The investment in total fixed assets to total capital will increase from 15.71% to 15.76% following the establishment of the proposed branch. This will be the institution's fifteenth branch. **The request was approved by the Director under Delegated Authority on July 17, 1996.**

38.) PULLMAN BANK & TRUST COMPANY, CHICAGO, COOK COUNTY, ILLINOIS

An application from Pullman Bank & Trust Company ("Pullman") was received by the Department on July 26, 1996, for admission as a foreign corporation to transact business in the State of Indiana in accordance with the provisions of IC 28-1-22. Pullman was incorporated as an Illinois state chartered banking association on April 30, 1932. Pullman intends to carry on the business of an out-of-state bank loan production office. Pullman has appointed Richard L. Dunbar of Pullman Capital Corporation, 3930 Edison Lakes Parkway, Suite 310, Mishawaka, Indiana, as resident agent for service of legal process. **The request for Pullman Bank & Trust Company to do business in the State of Indiana was approved by Action Taken By the Director on July 29, 1996.**

DIVISION OF CREDIT UNION

1.) MUTUAL BENEFIT CREDIT UNION, CINCINNATI, HAMILTON COUNTY, OHIO

Request for approval of an application to establish a service office in the Cinergy Corporate Offices located at 1000 East Main Street, Plainfield, Hendricks County, Indiana. **The request was approved by the Director under Delegated Authority on May 14, 1996.**

2.) **ANDERSON POST OFFICE CREDIT UNION, ANDERSON, MADISON COUNTY, INDIANA**

Request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Timrick Galleries - Anderson - 4 members

Plaza Printers - Anderson - 6 members

Carter Electric of Indiana, Inc. - Anderson - 20 members

The request was approved by the Director under Delegated Authority on May 20, 1996.

3.) **STATE MERIT SERVICE CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA**

Request for approval of an application to establish a service office at 2525 North Shadeland Avenue, Indianapolis, Marion County, Indiana. **The request was approved by the Director under Delegated Authority on May 21, 1996.**

4.) **PERFECT CIRCLE CREDIT UNION, HAGERSTOWN, WAYNE COUNTY, INDIANA**

Request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

Dr. Herbert A. Harris, D.D.S. - Cambridge City - 4 members

The request was approved by the Director under Delegated Authority on May 23, 1996.

5.) **ELKHART COUNTY FARM BUREAU CREDIT UNION, GOSHEN, ELKHART COUNTY, INDIANA**

Request for approval of a Petition for Approval of proposed Amendment to the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

Fairmont Homes, Inc. / Gulf Stream Coach, Inc. - Napanee - 2,400 members

The request was approved by the Director under Delegated Authority on June 3, 1996.

6.) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

Request for approval of a Petition for Approval of proposed Amendment to the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

Bethany Evangelical Lutheran Church - South Bend - 130 members
Imperial Automotive Group, Inc. - Elkhart - 110 members
South Bend & Vicinity Electrical Joint Apprenticeship and Training Committee - South Bend - 22 members
World Moving Systems, Inc. - Warsaw - 15 members
Pilgrim Manor Nursing & Rehabilitation - Plymouth - 60 members
Sims Brokerage, Inc. - Plymouth - 5 members
American Offset of Indiana - Huntington - 12 members
Wagon Wheel Theater - Warsaw - 50 members
Twenty-Five Seventeen Wagon Wheel Restaurant - Warsaw - 20 members
Viewpoint Restaurant & Motor Lodge/Destinations Travel Agency - Warsaw - 40 members
Sweet Home Missionary Baptist Church - South Bend - 250 members
Peacock Investment Group - Indianapolis - 10 members
Gentek Building Products - Elkhart - 19 members

The request was approved by the Director under Delegated Authority on June 3, 1996.

7.) CITIZENS GAS UTILITY CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following subsidiaries of Citizens Gas & Coke Utility into the field of membership of the credit union:

ProLiance Energy, LLC - Indianapolis - 120 Members
Service & Rental Center, LLC - Indianapolis - 20 Members

The request was approved by the Director under Delegated Authority on July 3, 1996.

8.) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of

membership of the credit union:

IWHS, Inc. - Middlebury - 1 member
Mobile Care Services, Ltd - South Bend - 20 members
New Creations Ministries - Crawfordsville - 104 members
Pathway to Recovery, Inc. - Indianapolis - 4 members
The Alexander Group - Crawfordsville - 6 members
Advanced Imaging Solution, Inc. - South Bend - 36 members
St. Joseph County Airport Authority - South Bend - 45 members
Bosh Design Group, Inc. - Mishawaka - 6 members
Rainbow Retouching Service - Valparaiso - 12 members
Jeda Equipment Services, Inc. - Indianapolis - 5 members
C-B-S Medical Van Services, Inc. - South Bend - 3 members
Joyce's Pet Pantry, Inc. - Winona Lake - 8 members
Diapers Express of Indiana, Inc. - Indianapolis - 4 employees

The request was approved by the Director under Delegated Authority on July 15, 1996.

9.) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

Request for approval of a Petition for approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Freeman Products-Knox Facility - Knox - 140 members
Animal Haus, Ltd. - South Bend - 8 members
Pampered Pets - Columbus - 1 member
Global Plastics, Inc. - Indianapolis - 20 members

The request was approved by the Director under Delegated Authority on July 25, 1996.

10.) PERFECT CIRCLE CREDIT UNION, HAGERSTOWN, WAYNE COUNTY, INDIANA

Request for approval of a Petition for Approval of Proposed Amendment to the Articles of Incorporation. This amendment would place the following organization into the field of membership of the credit union:

Wharton Home Improvement Co. - Richmond - 16 members

The request was approved by the Director under Delegated Authority on July 29, 1996.

DIVISION OF CONSUMER CREDIT

- 1.) Barry Sexton d/b/a ABC Pawn has applied for a pawnbroking license. The store will be the only pawnshop in Franklin. Mr. Sexton is a retired Bloomington fire fighter. A personal interview was made with the applicant. Field supervisor Bane and Supervisor Tarpey found no apparent reasons to delay or deny the license. Applicant was made aware of the specific requirements under the pawnbroking act. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 2.) Knutson Mortgage Corporation has applied for a consumer loan license. They are based in Bloomington, MN. They currently operate in 31 states. They will be making second mortgage loans using title companies for closing. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 3.) Emergent Mortgage Corp. has applied for a consumer loan license. They are based in Pickens, South Carolina. They will have a location in Indianapolis. They are currently operating in 3 states. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 4.) Manu-Fi Acceptance Corp has applied for a consumer loan license. They are based in Fort Wayne. Initially, they will be purchasing retail installment sales contracts from manufactured housing dealers. This does not require a loan license. However, they may make direct loans in the future. All references are in order. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 5.) J.V.S. Financial Services, Inc. is requesting a consumer loan license. They are based in Palos Hills, Illinois. They will be making second mortgage loans using title companies for closing. They currently operate in 3 states. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 6.) Homecomings Financial Network, Inc. is requesting a consumer loan license. They are based in Minneapolis, MN. They will be using title companies/attorneys to close second mortgage loans. They currently operate in 7 states. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 7.) Dynex Financial, Inc. is requesting a consumer loan license. They currently operate in 6 states. Initially, they will be purchasing retail installment contracts from manufactured housing dealers. This does not require a loan license. However, they may make direct loans in the future. It is recommended that the license be issued. **The request was approved by the**

Director under Delegated Authority on May 6, 1996.

- 8.) Oakwood Acceptance Corporation is requesting a consumer loan license. They are based in Greensboro, N.C. They currently operate in 14 states. Initially, they will be purchasing retail installment sales contracts from manufactured housing dealers. This does not require a loan license. However, they may make direct loans in the future. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 9.) C & T Wilson d/b/a American Cash Advance is requesting a consumer loan license. They will be making pay day type loans in Muncie. They are aware of the disclosure requirements, maximum rates, etc. regarding this type of loan. Mr. Wilson has been in the insurance and real estate business. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 10.) Decision One Mortgage Company, L.L.C., is requesting a consumer loan license. They are based in Charlotte, N.C. They operate in 10 states. They will be making second mortgage loans in Indiana at a location to be determined. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on May 6, 1996.**
- 11.) Audbon Loans, Inc. d/b/a Fares Loan is requesting a pawnbroker license. The applicants (husband and wife) have managed the pawnshop in Evansville as well as one in Henderson, Kentucky for the last several years. A personal interview was made with the applicants. They were made aware of all of the key sections of the pawnbroker act. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 12.) GRT, Inc. d/b/a A-1 Payday Loans has applied for a consumer loan license. They will be making pay day type loans in Indianapolis. They are aware of the disclosure requirements, maximum rates, etc. regarding this type of loan. Some of the owners of the company are currently operating a similar business in Indianapolis under loan license number 1302. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 13.) FSC Corporation is requesting a consumer loan license. They are based in Pittsburgh, PA. They will have a location in New Castle. FSC will be making first and second mortgage loans. They currently operate in 7 states. All references are in order. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 14.) Central Money Mortgage Co., Inc. is requesting a consumer loan license. They are based in Columbia, MD. They will have an as yet undetermined location in Indiana where second mortgages will be made. They currently operate in 6 states. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 12, 1996.**

- 15.) Carolina Mortgage Brokers d/b/a CMB Mortgage is requesting a consumer loan license. They are based in Greensboro, N.C. They will have a location in Columbia. Second mortgage loans will be made. They currently operate in 7 states. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 16.) E-Z Cash Systems, Inc. is requesting a consumer loan license. They will be making pay day type loans in Angola. Applicant is aware of the disclosure requirements, maximum rates, etc. for this type of loan. All references are in order. It is recommended the license be approved. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 17.) E-Z Cash Systems, Inc. is requesting a check cashing license. They will be cashing checks other than incidental to a retail sale. All references are in order. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 18.) Rock Financial Corporation is requesting a consumer loan license. They are based in Bingham Farms, MI. They currently operate in 4 states. Applicant will be making second mortgage loans using local title companies for closing. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 19.) Unicor Funding, Inc. is requesting a consumer loan license. They are based in Mission Viejo, CA. The applicant will be making second mortgage loans in Indiana using agents to close on their behalf. They currently operate in 6 states. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 20.) T.A.R. Preferred Mortgage Corporation is requesting a consumer loan license. They are based in Irvin, CA. The applicant will be making second mortgage loans using local title companies for closing. They currently operate in 7 states. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 21.) Independent National Mortgage Corporation d/b/a Independent National Housing Services is requesting a consumer loan license. They are based in Pasadena, CA. Applicant currently operates in 15 states. They will be making second mortgage loans in Indiana using local title companies for closing. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on June 12, 1996.**

- 22.) Finance America Corporation is requesting a consumer loan license. They are based in College Park, MD. Applicant will be making first mortgage loans in Indiana using title companies for closing. They are obtaining the license for possible future use on second mortgage loans. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on June 12, 1996.**
- 23.) Ameritrade Mortgage Funding, Inc. is requesting a consumer loan license. Applicant is based in Memphis, TN. They will be making second mortgage loans using title companies for closing. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 24.) AGM, Inc. d/b/a Fast Payday Loans is requesting a consumer loan license. They will have location in Indianapolis. Applicant plans to make pay day type loans. They are aware of the disclosure requirements, maximum rates, etc. in regards to this type of loan. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 25.) Capital Direct Funding Group, Inc. is requesting a consumer loan license. They are based in Laguna Hills, CA. They currently operate in 13 states. The applicant plans to make second mortgage loans using title companies for closing. All references are in order. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 26.) Franklin Acceptance Corporation d/b/a CuAuto is requesting a consumer loan license. They are based in Greenbelt, MD. They currently operate in 4 states. Initially, they will be purchasing consumer loans. As an out-of-state assignee, this activity does not require a loan license. They are obtaining the license for possible future use in direct lending. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 27.) Speedy Check Cashers, Inc is requesting a check casher license. They will be located in Hammond. They currently operate in 8 states at over 80 locations. All references are in order. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 28.) Speedy Check Cashers, Inc. is requesting a consumer loan license. They will be located in Hammond. They will be making pay day type loans. Applicant is aware of the disclosure requirements, maximum rates, etc. regarding this type of loan. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 29.) Goldfish Pawn Company, LLC, is requesting a pawnbroker license. They will be located in Columbus. A personal interview was made with the President of the Company. All references are in order. Applicant has learned of the pawnbroking business through acquaintances who

are currently operating as pawnbrokers in Indiana. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on July 9, 1996.**

- 30.) Goldfish Pawn Company, LLC, is requesting a consumer loan license. They will be making pay day type loans in Columbus. Applicant is aware of the disclosure requirements, maximum rates, etc. regarding this type of loan. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 31.) L.L.S. Financial Services, Inc. d/b/a Early Payday is requesting a consumer loan license. They are based in Englewood, Ohio. Applicant will have a location in Richmond. They will be making Pay day type loans. Applicant is aware of the disclosure requirements, maximum rates, etc. regarding this type of loan. It is recommended that the license be approved. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 32.) Eastern Mortgage Service, Inc is requesting a consumer loan license. They are a subsidiary of Dauphin Deposit Bank & Trust, a FDIC insured state bank in Pennsylvania. Applicant currently operates in 6 states. They will be using title companies to close second mortgage loans. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on July 9, 1996.**
- 33.) RIA Telecommunications, Inc. is requesting a money transmitter license. They are currently licensed in 9 states and Puerto Rico. They have met all of the requirements of the statute including audited financial statements. At this time, they are not sure how many agents they will have in Indiana. They are obtaining licenses in several states for possible future use. They plan to market the sale of money orders and/or money transmission by wire to the hispanic community in particular. It is recommended that the license be issued. **The request was approved by the Director under Delegated Authority on July 9, 1996.**

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary